



# **Auditor's Annual Report**

**Humberside Fire Authority– year ended 31 March 2025**

January 2026

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Our reports are prepared in the context of the ‘PSAA Statement of Responsibilities of Auditors and of Audited Bodies’ and the ‘Appointing Person Terms of Appointment’ issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Humberside Fire Authority. It has been prepared for the sole use of Those Charged With Governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

# 01

Introduction

# Introduction

## Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Humberside Fire Authority (‘the Authority’) for the year ended 31 March 2025. Although this report is addressed to the Authority, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

We issued our audit report on 14 January 2026. Our opinion on the financial statements was unqualified.

### Value for Money arrangements

We did not identify any significant weaknesses in the Authority’s arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Authority’s arrangements.



### Reporting to the group auditor

We have been unable to conclude our work on the Authority’s Whole of Government Accounts (WGA) return as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.



### Wider reporting responsibilities

We have not reported any matters by exception and have not exercised our statutory powers as per the Local Audit and Accountability Act 2014.

## Audit of the financial statements

# Audit of the financial statements

## Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Authority and whether they give a true and fair view of the Authority’s financial position as at 31 March 2025 and of its financial performance for the year then ended. Based on work completed to our opinion on the financial statements was unqualified.

## Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Authority.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

# 03

Our work on Value for Money  
arrangements

# VFM arrangements

## Overall Summary








# VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- 

**Financial sustainability** - How the Authority plans and manages its resources to ensure it can continue to deliver its services.
- 

**Governance** - How the Authority ensures that it makes informed decisions and properly manages its risks.
- 

**Improving economy, efficiency and effectiveness** - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Authority has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Authority. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

# VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria		Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
	Financial sustainability	16	No	No	No
	Governance	19	No	No	No
	Improving economy, efficiency and effectiveness	23	No	No	No

# VFM arrangements

## Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



# VFM arrangements – Financial Sustainability

## Risks of significant weaknesses in arrangements in relation to Financial Sustainability

We have not identified any risks of significant weaknesses in arrangements.

## Overall commentary on Financial Sustainability

### Overall responsibilities for financial governance

We have confirmed the Authority's governance framework has not significantly changed and continues to include regular reporting to the Authority and the Governance, Audit and Scrutiny Committee (GAS), including the Annual Governance Statement and the Annual Report and Accounts for 2024/25.

Our review of minutes and attendance of meetings confirms that the Authority has set strategic aims and objectives, approved budgets and monitored financial performance against budgets and plans. Our review confirmed the Authority receives assurance on aspects of financial management and operational performance through reports to the GAS Committee.

This includes:

- overseeing and assuring financial and operational performance;
- considering the risks associated with any material financial transactions;
- considering the financial and operational risks involved in the Authority's business and how they are controlled and monitored by management; and
- acting to address issues raised or to make improvements.

Our review has not identified any matters to indicate a significant weakness in arrangements.

### The Authority's financial planning and monitoring arrangements

The Authority's Medium Term Resource Strategy (MTRS) is intended to provide the financial direction to achieve a sustainable financial position and deliver the capital programme as well as providing the financial context for precepting decisions. It covers a period of 5 years, however, it is reviewed and updated annually. The MTRS sets out the aims of the strategy as well as the key principles. The key principles of the MTRS 2025/26 to 2029/30 include:

- containing overall expenditure within original estimates;
- maintaining a Prudent Minimum General Reserve (PGMR) which is reviewed annually to cover any major unforeseen expenditure or loss of funding;
- maintaining earmarked reserves for specific purposes; and
- prioritising the achievement of value for money.

We confirmed that budget preparation commences in August for the forthcoming year. Budget pressures are logged and built into the budget setting process. Savings targets are also built into the MTRS and are reported during the year. The MTRS is underpinned by workforce planning and capital programmes and takes into account risk and assumptions within the Community Risk Management Plan. We have reviewed the MTRS, including the assumptions made, and confirmed they are based on appropriate information available at time they were prepared. The MTRS notes that pay expenditure makes up approximately 85% of total net spend and sensitivity analysis shows that a pay award of 1% per annum will cost an additional £0.4m. This is a continued area of uncertainty and pressure over the life of the MTRS. A pay and prices reserve is in place to support funding pay and price increases in excess of budget assumptions. The MTRS assumes that the pay and prices reserve will be fully utilised to balance the 2025/26 budget.

Our review of the MTRS for 2024/2025 confirms the Authority set a balanced budget for the year 2024/25. The financial plan was budgeted, without any requirement for operational savings or call on reserves other than those earmarked for non-recurring 2024/25 projects. The draft financial accounts show a £0.029m overspend which has been covered by reserves. The General Reserve balance at the 31 March 2025 was £5.971m after funding the overspend. While this was below the £6m PGMR we confirmed the 2025/26 MTRS details that expected General Reserve at 1 April 2025 will be adjusted to £6.0m to match the identified level required for PGMR following the end of 2024/25 financial year. Earmarked reserves at 31 March 2025 total £10.238m which is an increase from the £8.411m reported at 31 March 2024. Overall useable reserves (earmarked and general fund) increased to £16.209m from £15.636m. The MTRS details use of reserves over the life of the Strategy.

# VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria – continued

The authority has also reported financial resilience against 6 indicators developed by CIPFA which help in demonstrating financial resilience of fire authorities. These have been measured over several years and consider actual and budgeted outturn. All indicators for the Authority appear stable with no unexpected significant marked increases/decreases indicating a significant weakness. Borrowing is expected to increase from £15.8m in 2024/25 to £23m by 2029/30. This is planned to support the Authority's capital programme which is planned from 2025/26 through to 2029/30. The capital financing impact of borrowing is detailed in the MTRS.

We have considered the consistency of the different plans (Community Risk Management plan, MTRS, Strategic Plan, Workforce Plan, Capital Programme) and noted that all the plans are designed to feed into each other and no plan is parallel in terms of objectives from those noted in the Community Risk Management Plan (CRMP) and the MTRS.

The Authority as part of their committee meetings were provided with quarterly finance and procurement updates as well as treasury management updates, including treasury management outturn. A review of the reports and minutes demonstrate the reports provided were designed to provide assurance regarding financial performance, key financial targets and objectives with detailed analysis of year to date against profiled budgets and adequate explanation of significant variances. We confirmed through discussion with management that a log of budget pressures is maintained and that scenario planning is completed and reviewed annually, for 2024/25 this was completed in October 2024.

### The Authority's arrangements and approach to Financial Planning.

We confirmed the 2025/26 MTRS was approved in February 2025 and performance against the Strategy has been reported to the Authority during the year. This MTRS included planned maintenance of general fund reserves at a minimum of £6m. The latest reporting on forecast outturn presented in November 2025 (for period to September 2025) was projecting a revenue budget underspend of £0.058m. Reporting shows challenges in some areas, such as pay, however our review has not highlighted any matters indicating a significant weakness in the Authority's financial planning arrangements. We have discussed financial pressures with senior management through the year and confirmed the pressures are reflected in the MTRS and are budgeted for or covered by planned use of reserves. We reviewed the Authority risk register as part of our review of minutes and identified no evidence of a significant weakness in arrangements. The Authority approved a new estates capital programme in November 2024. This programme is planned for

implementation from 2025/26 through to 2029/30. We confirmed through review this programme has been incorporated into the MTRS. No significant matters have been noted that would indicate the Authority is not being able to carry the planned programme through financial sustainability.

### Conclusion

Our work has not identified any evidence of a significant weakness in the Authority's arrangements in relation to financial sustainability reporting criteria.



# VFM arrangements

## Governance

How the body ensures that it makes informed decisions and properly manages its risks



# VFM arrangements – Governance

## Risks of significant weaknesses in arrangements in relation to Governance

We have not identified any risks of significant weaknesses in arrangements.

## Overall commentary on Governance

### The Authority's governance structure

We confirmed the Authority has an established governance structure in place which is summarised in its Annual Governance Statement and set out in the Constitution. The Constitution is updated annually and includes a scheme of delegation assigning clear responsibilities to the Strategic Leadership Team, the Authority and its sub committees. The structure is designed to support effective oversight of the Authority's operations and activity.

Our review of these documents confirmed they were consistent with our understanding of the Authority's arrangements. The Authority met during 2024/25 and continues to have sub- committees with specific responsibilities. We confirmed these Committees met in year and included:

- Governance, Audit and Scrutiny Committee (GAS); and
- Pension Board.

Terms of reference are in place which articulate the responsibilities of Committees and are designed to ensure decision-making, risk management, and performance management are subject to oversight and challenge. Our review of Authority and Committee papers confirms that reports articulate the purpose, key points, financial impact, recommendations and action points. Minutes are published on the Authority website. Through our attendance at GAS meetings and review of Authority minutes we confirmed that performance reports were discussed bi-annually by GAS and then at Authority. The Authority has a service improvement framework policy which is set to co-ordinate risk management processes including reporting, delegation and direction.

### The Authority's risk management and monitoring arrangements

The Authority has a comprehensive risk management system in place which is embedded into the governance structure of the organisation. The Authority has a Corporate Risk and Opportunity Policy in place. The processes are supported by the Authority's Corporate Risk and Opportunity Register and the Authority leadership plays a key role in implementing and monitoring the risk management process. Management

confirmed the Strategic Leadership Team (SLT) discuss the risk register at each meeting, consider the mitigating measures in place and agree on a risk score. Risk registers are updated following SLT meetings. Horizon scanning takes place to identify new or emerging risks for the Authority. The risks are linked to the Strategic Aims of the Authority and are included in operational performance reports, providing a thread from operational to strategic risk management. The GAS Committee has responsibility for providing assurance over the adequacy of the Authority's risk management framework and associated control environment.

### The Authority's arrangements for internal control

Internal audit services are provided to the Authority by external provider, TIAA. The annual Internal Audit Plan and the Head of Internal Audit Opinion are reviewed by the Authority's GAS Committee to ensure the priorities of the internal audit activity are consistent with the goals of the Authority. The 2024/25 plan was presented to the GAS Committee in February 2024. Our review of meeting minutes and our attendance at the GAS Committee has confirmed that progress against the internal audit plan has been reported at each meeting. The Head of Internal Audit Opinion was presented to the GAS Committee in July 2025. The opinion concluded that the Authority has 'reasonable and effective risk management, control, and governance processes in place'. In year there were two limited assurance reviews which is up from one in 2023/24. We have considered each review and concluded the matters leading to the limited assurance were not indicative of a significant weakness in arrangements. We have confirmed through our attendance at the GAS Committee that Members challenge management on internal audit findings, and, where they deem necessary, request management attendance at committees to discuss findings from internal audit reports. The Authority has an Anti-Fraud and Corruption Policy which sets out detailed policies and procedures to prevent and detect fraud. In addition, the Authority has outsourced local counter fraud work to TIAA, who report on the progress to GAS amongst their internal audit reports. Other policies include the Anti Bribery policy, Anti Money Laundering policy and Whistleblowing policy. The Anti- Fraud and Corruption Statement 2024/25 was presented to the July 2025 GAS meeting. No matters were noted from our review to indicate a significant weakness in arrangements.

# VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

### The Authority's arrangements for budget setting and budgetary control

The Authority's MTRS includes the identification and evaluation of risks to the Authority's finances and is developed in parallel to the budget for the following year and setting of the precept. Budget preparation commences in late summer for the forthcoming year, and is led by the Section 151 Officer who discusses growth and savings with the Strategic Leadership Team. The previous year budgets are considered and are updated for known changes and assumptions regarding inflation, funding and the precept increase. Where a shortfall is identified, further discussions take place with budget holders to modify plans. The budget is then approved for the consultation at SLT and formally approved in February along with an updated MTRS and capital programme and the Section 151 Officer's declaration on the robustness of estimates and adequacy of reserves. Our review of the 2024/25 outturn and the 2025/26 forecast outturn (reported in November 2025) has identified no evidence to indicate a significant weakness in the budget setting arrangements.

Budget monitoring procedures are in place which articulate the responsibilities of budget holders. Budget holders are required to provide explanations for variances in their budget reports. Budget holders have access to the general ledger and are encouraged to review progress between the formal quarterly reports.

Budget reports are prepared on a regular basis and are designed to show the actual expenditure and income compared to the budget and highlight any variances for explanations.

We confirmed there had been regular reporting of the financial position throughout the 2024/25 financial year. Quarterly forecasts of outturn reports were presented to both the Fire Authority and GAS committee. The reports included details of movements in the budget between quarters and remedial measures taken. The quarterly and year-end positions have not highlighted any evidence to indicate a significant weaknesses in the Authority's monitoring and reporting arrangements. Our audit of the 2024/25 financial statements has not identified any matters to indicate a significant weakness in the accuracy of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

### The Authority's arrangements for performance management

The Authority is responsible for setting performance targets, which are supported by the Community Risk Management Plan (CRMP) that establishes the performance standards the community can expect. Individual

targets are determined using data from both internal and external sources, including government agencies and reports such as those from HMICFRS and the Home Office, as well as internal strategic documents like the MTRS, productivity and efficiency plan, and emergency response strategy.

We confirmed performance against these targets and year-on-year changes were reported bi-annually to the Authority during the year. These reports are designed to detail the Authority's performance against all standards, highlight key areas of concerns, and outline any mitigating actions to improve performance where necessary. An annual performance report is also prepared and published on the Authority's website.

### How the body ensures it makes properly informed decisions

We have reviewed Authority reports and minutes throughout the year and have not identified any evidence of a significant weaknesses in the arrangements outlined in this report.

Membership of the Governance, Audit and Scrutiny Committee (GAS) includes independent Members, who are recruited and trained to provide a range of skills and collectively provide effective scrutiny. We have attended the meetings held in the reporting period and deem them to be effective and well represented, and we have found that the Committee provided appropriate challenge to Management and Internal and External Audit. The Terms of Reference of the Governance, Audit and Scrutiny Committee are detailed in the Constitution, and we have identified no evidence to indicate they are not being delivered.

The Authority publishes on its website minutes and agendas for all GAS Committee and Fire Authority meetings. This ensures transparency in decision-making and allows for public scrutiny as well. The Authority also has a documented procedure for complaints and comments from members of the public included within its Constitution.



# VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

### How the Authority monitors and ensures appropriate standards are met

The Authority's Constitution is reviewed annually with the latest review in September 2025. The Constitution sets out how the Authority operates, how decisions are made and the rules and procedures which are followed to ensure that these are efficient and transparent to local people.

The Constitution, Section 5, includes a Code of Conduct for Members and Officers. Several officers, by law, have specific duty to ensure that the Authority acts within the law and uses its resources wisely. These Officers include the Head of Paid Service, Monitoring Officer, and the Section 151 Officer. Based on review, we are not aware of any evidence that these roles are not being fulfilled throughout the reporting period.

A register of interests is maintained for Members and is available to view on the Authority's website. We have reviewed the declarations of interest during the financial statements audit and have identified no matters to indicate a significant weakness in arrangements. The financial statements also detail senior officers' emoluments and members allowances. Our work in these areas in 2024/25 has identified no matters to indicate a significant weakness in arrangements.

We have confirmed that contract procedures are in place and are designed to require procurement decisions to comply with appropriate standards. The Authority also has a contract register available to view on its website.

### Conclusion

We have identified no evidence to indicate a significant weaknesses in the Authority's arrangements in relation to the governance reporting criteria.

# VFM arrangements

## Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Risks of significant weaknesses in arrangements in relation to Improving Economy, Efficiency and Effectiveness

We have not identified any risks of significant weaknesses in arrangements.

## Overall commentary on Improving Economy, Efficiency and Effectiveness

### The Authority's arrangements for assessing performance and evaluating service delivery

The Authority publishes an Annual Performance Report on its website. This document reports that 'To effectively manage statutory governance requirements the Service implements a Business Planning Framework to review and schedule the required compliance activities to be completed annually. This includes the creation and / or review of documentation such as the Community Risk Management Plan (CRMP), Annual Statement of Assurance, Annual Governance Statement and Financial Plans (including the Medium Term Resource Strategy and Productivity & Efficiency Plan)'. We confirmed the Authority has the documentation in place in line with the requirements of the Framework.

Service Performance Indicators (SPI) are used to monitor and report the Authority performance regularly and on a consistent and comparable basis. In their most recent report HMICFRS noted a principal finding from their assessment over the past year as 'the service has a service improvement plan, which it uses to record, manage, monitor and assess the actions it takes in relation to continuous improvement'. We confirmed the service improvement plan is in place designed to support improvement across the Authority.

Our review of minutes demonstrates the selection and consideration of six scrutiny reviews in 2024/25 (five in 2023/24), linked to improvement priorities based on HMICFRS inspection and reports. These scrutiny reviews are clearly detailed, showing context, scoped and lead of a particular topic with deadlines attached to reporting on each item. These are then discussed at Governance, Audit and Scrutiny Committee (GAS) committee meetings for consideration and recommendations. We observed challenge of improvement plans in these areas through our attendance at GAS meetings.

We have considered comparative profiles which show the Authority performance remains in line with prior years and above average, in some areas, when measured against the other fire authorities. We identified no evidence to indicate a significant weakness in arrangements. According to the annual performance report against eight service performance indicators six were within threshold. The remaining two relate to injuries and fatalities, these are measured against an aspirational target of 0, however there were 32 injuries and six fatalities recorded (36 injuries and five fatalities recorded in 2023/24).

There was a general increase in prevention activity which is considered the most effective way to manage incidents with 10,004 home visits (9,836 in 2023/24) and generally across other measures such as fire

education, leaflet drop. There was a decrease in other metrics on fire prevention such number of children in schools engaged, youth engagement and fire setter intervention. The Authority was rated 'outstanding' on the criteria of understanding and prevention of fires and other risks in the latest inspection of the HMICFRS.

The annual performance report also notes that the Authority achieved its response targets for both first engine response and second engine response. First engine response target is 90% based on arrival to area. The Authority reported responding above the target 90% for all areas. They also responded above 80% target for the second engine.

The authority during 2024/25 achieved 3.65% efficiency savings more than the national target of 2%, this was an improvement from the 2.26% achieved in 2023/24 against the same target. However, the authority forecasts to achieve efficiency savings of 0.92% in 25/26.

### The Authority's regulator assessments and independent reviews

The HMICFRS conducts routine inspections on fire and rescue authorities focusing on three areas – Effectiveness, Efficiency and People. Authorities are then measured against 11 different criteria. In February 2025, following an inspection, the Authority received a report from the inspectorate. Out of the assessed criteria the Authority was rated 'outstanding' on two criteria, 'good' on eight criteria and 'adequate' in one criteria. While the HMICFRS inspection regime has changed in recent years meaning it is not directly comparable this indicates an improvement, or at least not a significant decline, from the previous inspection findings in the 2022 report (11 criteria rated 'good'). The current report puts the Authority amongst the top performing authorities nationwide.

The Authority uses external reports, such as the Grenfell tower report phase 2, to update its Service Improvement Plan (SIP). The plan details action points, responsibilities assigned, dates by when due and evidence. The Authority has completed a number of action points on the SIP and has updated the SIP to incorporate the latest report from the HMICFRS with some action points having a target completion date by 31 December 2025 and the remaining points having a completion date on or before 31 July 2026.

# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

### The Authority's arrangements for effective partnership working

The Authority continues to collaborate with multiple organisations including Humberside Police and North Yorkshire Fire and Rescue service in areas such as fleet and maintenance and servicing, joint estates, Health, safety and environment and procurement. These partnerships are intended to maximise efficiency. This has resulted in savings e.g. due to the reduced cost per breathing apparatus as procurement was joint with North Yorkshire Fire and Rescue Service. In their latest inspection report the HMICFRS noted that 'the service comprehensively monitors, reviews and evaluates the benefits and results of its collaborations. It told us that the Emergency Services Fleet Management (Humberside) partnership, for example, saves the service £300,000 each year. The fleet workshop is in Melton, and it has replaced seven previously used sites. Five of those sites have been repurposed, and two are leased by Humberside Police. The service told us that this resulted in a one-off income for the service of £117,000.' In their review of 'Preventing fires and other risks' the inspectorate noted as 'promising practice' that 'The service has a partnership with local health organisations to provide an on-call falls response team. This has a significant impact on the local health situation.'

### Conclusion

We have not identified any evidence of a significant weaknesses in the Authority's arrangements in relation to the improving economy, efficiency and effectiveness reporting criteria

Other reporting responsibilities

# Other reporting responsibilities

## Wider reporting responsibilities

### Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers. The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

## Reporting to the group auditor

### Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

## Audit Fees and Other services

# Audit Fees and Other Services

## Fees for our work as the Authority’s auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Governance, Audit and Scrutiny Committee in November 2024. Having completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:

Area of work	2024/25 fees	2023/24 fees
Planned fee in respect of our work under the Code of Audit Practice	£104,673	£94,173
Additional fees not included in the Scale Fee by the PSAA.	TBC	£7,065
Total fees	£104,673	£101,238

## Fees for other work

We confirm that we have not undertaken any non-audit services for the Authority in the year.



# Appendices

Appendix A: Further information on our audit of the Authority's financial statements.

# Appendix A: Further information on our audit of the financial statements

## Significant risks and audit findings

As part of our audit, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p><b>Management Override of Controls</b></p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"><li>• Accounting estimates impacting amounts included in the financial statements;</li><li>• Consideration of identified significant transactions outside the normal course of business or otherwise unusual; and</li><li>• Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements.</li></ul> <p>Our audit work has provided the assurance we sought and has not identified any material issues to bring to your attention. There is no indication of management override of controls.</p>
<p><b>Net Defined Benefit Liability</b></p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions</p>	<ul style="list-style-type: none"><li>• We evaluated the Authority's arrangements and relevant controls for making estimates in relation to pension entries within the financial statements;</li><li>• We challenged the reasonableness of the Actuary's assumptions that underpin the relevant entries made in the financial statements, using an expert commissioned by the National Audit Office;</li><li>• We critically assessed the competency, objectivity and independence of the Actuary;</li><li>• We liaised with the auditors of the Local Government Pension Scheme (LGPS) Pension Fund to gain assurance that the overall IAS19 procedures and controls in place at the Pension Fund are operating effectively;</li><li>• We compared assumptions to expected ranges, using information provided by the consulting actuary engaged by the National Audit Office; and</li><li>• We agreed the data in the Actuary's valuation report for accounting purposes to the relevant accounting entries and disclosures in the Authority's financial statements.</li></ul> <p>Our work has provided the assurance sought and has not identified any material issues to bring to your attention.</p>

# Appendix A: Further information on our audit of the financial statements

## Significant risks and audit findings continued

As part of our audit, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p><b>Valuation of Land and Buildings</b></p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Authority's holding of land and buildings. Although the Authority uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land and buildings due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of land and buildings to be an area of significant risk.</p>	<ul style="list-style-type: none"><li>• We critically assessed the Authority's arrangements for ensuring that land and buildings valuations are reasonable and not materially misstated;</li><li>• We critically assessed the basis of valuations, using third party trend data where appropriate, as part of our challenge of the reasonableness of the valuations provided by valuers;</li><li>• We considered the competence, skills and experience of the valuers and the instructions issued to the valuers;</li><li>• We substantively tested revaluations, including critically reviewing the Authority's own consideration of assets not revalued in the year and why they are not materially misstated; and where necessary, performed further audit procedures on individual assets to ensure the basis of valuations is appropriate.</li></ul> <p>Except for the control recommendation and the non material adjustments noted on page 28, we have obtained sufficient audit assurance regarding the valuation of land and Buildings.</p>
<p><b>IFRS 16</b></p> <p>IFRS 16 changed the definition of a lease compared to IAS 17 and IFRIC 4. The Authority will recognise lease liabilities and corresponding right of use assets. The Authority need to identify all leases which fall into the requirements of IFRS 16.</p> <p>The Authority is required to make accounting entries in respect of IFRS16 in its 2024/25 accounts.</p> <p>Application of a new accounting standard to identified leases will require judgement and presents a significant risk to the material accuracy of the financial statements.</p>	<ul style="list-style-type: none"><li>• We critically reviewed the accuracy and completeness of the Authority's assessment of leases under IFRS 16;</li><li>• Review the accounting treatment for a sample of leases to test the valuation of the liability and right of use asset.</li></ul> <p>Except for the non material unadjusted misstatement noted on page 28, we have obtained sufficient audit assurance in respect of IFRS 16.</p>

# Appendix A: Further information on our audit of the financial statements

## Summary of uncorrected misstatements

The misstatements in the table below have not been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which are adjusted/ unadjusted and any other misstatements we believe Those Charged With Governance should be made aware of.

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Revaluation reserve  Cr: Right of Use Asset  As part of our review of the Right of Use Asset Valuations, we challenged management on the valuation methodology used to value an asset and how the approach adopted was consistent with RICS guidance on valuation of specialised assets. Based on this challenge the asset was then revalued using a more appropriate methodology and resulted in a reduction of the value of the asset of £308,713.34 which is not material but above our trivial reporting threshold. Management have concluded not to amend as it is not material and is a revision of an estimate.	Judgemental error			308	308

# Appendix A: Further information on our audit of the financial statements

## Summary of uncorrected misstatements continued

The misstatements in the table below have not been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which are adjusted/ unadjusted and any other misstatements we believe Those Charged With Governance should be made aware of.

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Unusable reserves	Judgemental error			264	264
Cr: Pension liability					
The Pension Fund Auditor reported to us an overstatement of the value of Local Government Pension Scheme assets held by the East Riding Pension Fund. We have assessed the potential impact of this on Humberside Fire and estimated a overstatement of assets of £0.264m which is immaterial but above our trivial reporting threshold. Management concluded not to amend as difference is immaterial and will not affect the main financial statements.					
Aggregate effect of unadjusted misstatements				572	572

# Appendix A: Further information on our audit of the financial statements

## Internal control observations

### Land and Buildings

#### Description of deficiency

For several assets tested in our valuations work the floor areas used by the valuer differed with the areas recorded by the Authority. We were able to conclude that the differences did not indicate a material risk of misstatement in the overall valuation.

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#### Potential effects

Differences in areas could have a material impact on the overall valuation.

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#### Recommendation

As part of the year end checks management should ensure the areas used by the valuer are consistent with the areas recorded by the Authority. Where there are differences, explanations should be obtained or valuations updated.

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#### Management response

Arrangements will be put in place to ensure the most up to date floor plans are used by the valuers.

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# Appendix A: Further information on our audit of the financial statements

## Internal control observations

### Related Parties

#### Description of deficiency

Related Party declarations not obtained for several members.

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#### Potential effects

The Authority may not identify material related party transactions meaning the relevant disclosures are not complete or accurate.

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#### Recommendation

Ensure all declarations of interest are completed. Where declarations are not obtained the Authority should perform procedures, such as Companies House searches, to satisfy themselves disclosures are complete.

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#### Management response

Any outstanding related parties will be discussed at Executive Board to ensure compliance.

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# Contact

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